

Wednesday, August 14, 1985 A-3

Star-Bulletin

Rewald Paid for Sex, Woman Says

Testifies She Received Monthly Checks of \$1,000

By Charles Memminger
Star-Bulletin Writer

Ronald Rewald paid an 18-year-old secretary \$1,000 a month to have sex with him in his Rolls-Royce and in a Yacht Harbor Towers apartment, the woman testified yesterday.

Romaine Gonsalves, who will be 23 on Friday, told a federal court jury that she received a total of \$19,000 from Rewald for having sex with him.

She said the sex and payments continued after she became pregnant. When her child was born, Gonsalves said, she gave him the middle name of "Ron" after Rewald. She said Rewald also became the boy's godfather.

Gonsalves said she was paid with Bishop, Baldwin, Rewald, Dillingham & Wong checks.

Gonsalves is one of a number of women expected to testify that Rewald paid them for sexual favors.

Rewald faces 98 counts of fraud, perjury, filing false tax returns and tax evasion. He is accused of spending millions of dollars in investors' money to support a lifestyle of fast cars, polo ponies and women.

Rewald says the CIA set up and ran his company and that he used investors' money to support his CIA cover of a wealthy businessman.

REWALD'S WIFE, Nancy, who was with him during the first day of trial, was not present yesterday when Gonsalves described how Rewald approached her about having sex with him.

When Rewald first brought up the subject, over lunch, Gonsalves said she asked Rewald about his wife.

"We just won't tell her," she said Rewald responded.

Gonsalves said she was working as a secretary for attorney Russell Kim, a Rewald consultant who shared office space with Rewald in the Grosvenor Center.

In July 1981, Rewald asked her to lunch and gave her a check for \$1,500 for a down payment on a car and for parking fees.

Later, Rewald took her to lunch again and complimented her on her looks, Gonsalves said.

"He made a remark, like, he didn't know whether to keep me for himself or to give me to his son," Gonsalves said.

She said Rewald offered her \$1,000 a month to "have secret rendezvous" with him in a Yacht Harbor Towers apartment twice a month.

ASKED BY Prosecutor David Katz if Gonsalves had sex with Rewald anywhere else besides the apartment, she said, "Sometimes in his Rolls-Royce." Asked if she had received the \$19,000 from Rewald for anything other than sex, Gonsalves replied, "No."

Federal Public Defender Michael Levine did not ask Gonsalves any questions.

Rewald, as he has throughout the trial, showed no emotion during testimony. He sat quietly taking notes on a yellow pad.

Gonsalves' testimony came after a woman invalid from Wisconsin, and a blind, 75-year-old retired salesman told the jury how they invested hundreds of thousands of dollars in Rewald's company.

Bea Borkenhagen, a Milwaukee resident and friend of Rewald's family, described how Rewald called her "Aunt Bea" and convinced her to invest in his sporting goods stores and then in Bishop, Baldwin.

Borkenhagen, who testified from a wheelchair, said she and her husband built up their savings from a plumbing business. She said her husband, who is now dead, used to go bowling with Rewald's father.

WHEN SHE visited Rewald here in 1978, he began referring to her as "Aunt Bea," she said. She gave Rewald her power of attorney to sell the stocks she had bought with money from the plumbing business. That money was then invested in BBRD&W.

When the company collapsed, she said, she lost \$145,000.

Levine wanted to question Borkenhagen about letters Rewald wrote to her in which he referred to trips he had taken to the Far East.

Levine hopes to convince the jury that Rewald was directed by the CIA to travel abroad and said the references in the letters to "Aunt Bea" were part of the evidence.

But after a heated exchange with Judge Harold Fong out of the presence of the jury, the judge ruled that the questions would be irrelevant.

Chester Owen, the blind former salesman, told the jury that Rewald convinced him to sell stocks, Kona land and an apartment he owned, and invest the money in BBRD&W.

Owen said he went up to Rewald's offices with his wife and was impressed by the "sound of the waterfall" and "swank" office trappings. While there, Rewald gave him a brochure which listed the company's assets at more than \$1 billion, he said.

OWEN WAS so impressed with the company and the interest he thought he was making on his investment that he agreed to try to find other investors for Rewald. When Owen moved to a California mobile home park, he distributed BBRD&W literature which resulted in 30 more investors pumping about a half million dollars into the company.

When the company collapsed in July 1983, Owen said, he lost \$240,000.

Also testifying yesterday was Rewald's accountant who prepared Rewald's personal tax returns beginning in 1979.

Antonio Cabading said he lived in the Army YMCA while living here and worked out of a \$140-a-month office. He said he thought Rewald hired him to do his taxes because his "fees" were low.

Cabading said he charges only \$5 to prepare a single tax form and up to \$40 for a "complicated" return.

Cabading said he filled out the returns based on information Rewald gave him. Accordingly, Rewald filed returns saying he lost \$11,000 in 1979 and owed no taxes.